

LETTER

TO THE

MEMBERS OF THE PENNSYLVANIA LEGISLATURE,

ON THE SUBJECT

OF THE

STATE DEBT.

BY PUBLIUS.

PHILADELPHIA, APRIL 10, 1844.

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To the Members of the Senate, and House of Representatives of the Commonwealth of Pennsylvania.

GENTLEMEN: Permit a humble citizen to address you on a subject which is of the deepest interest—the present condition of the finances and credit of the State. His object is to call your attention to the crisis in the affairs of the Commonwealth which is now near at hand, and to impress upon you how much is depending upon that crisis, and upon what is yet to be done by you, in the short period which remains of your session. There was perhaps never a more important moment in our history, than that which now approaches—the moment in which it is to be decided by your vote, whether the faith of the people of the State, which has been solemnly pledged by the repeated acts of their representatives, shall be redeemed and kept inviolate, or whether the act of redemption, which has been postponed to the last available moment, shall be again waived by you, and abandoned, probably, forever.

It is now nearly two years that the promises of the State, which are of the simplest character, namely, for the payment of the interest accruing on money borrowed, upon favorable terms, for the use of the State, have remained unperformed. This has happened because it was not easy, perhaps not possible, for the State, in the unfortunate condition in which it was placed, to perform the contract with punctuality. The performance has hitherto been postponed, but not refused. To postpone without reason, would have been in principle equivalent to a refusal. But there was a reason.—The currency of the state was wofully disordered, and the private affairs of the people deeply embarrassed. These reasons are happily passed away. They can no longer be alleged in excuse for neglecting to provide a revenue sufficient to meet the positive engagements of the State. No such excuse is urged by any portion of the people of the State. If it were, it would be rejected by the public voice as unfounded in fact.

A further postponement, therefore, of these engagements would give a new shock to the public credit; and if not actually equivalent to a refusal of payment, it would be so near akin to it, that it would be difficult to establish the

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distinction in the public opinion, either at home or abroad. The unreflecting citizen, who on being released from the proposed tax might think it a relief from a burden, would be apt to look upon the release as a permanent exemption, and not a mere postponement of his obligation ; and the public opinion throughout the Union, which is now suspended, in anxious expectation of your decision upon this momentous question, would at once settle down in the conviction, that Pennsylvania is recreant to the obligations of public faith. From this judgment of the public throughout the country, there might perhaps be a final appeal, but it would be a long and laborious process to reverse the decision. Indeed, who could with any confidence entertain the hope that an act so imperatively demanded, which the present legislature should refuse or neglect to adopt, would be adopted by any other legislature?

He who now addresses you has no interest in the question presented to your consideration, but that which is common to every citizen, who is capable of estimating its bearing on the honor of the State, and the public welfare. He has a sensibility, in common with every honest citizen, to the obligations of good faith—he has a common inheritance with his fellow-citizens in the good name and character for integrity and honor which the country had acquired, and a common interest with all good citizens, in preserving the public honor unspotted, and the public faith inviolate. He is not willing to bear the share, which as a private citizen must necessarily rest upon him, of the stigma which would fall not upon the State only, but upon the whole country, if a State, so able as Pennsylvania is to discharge its obligations, should refuse or neglect to meet them. He is one of those many citizens who have watched with pleasure and pride the rapid growth of the Commonwealth in population and wealth, in the wonderful development of her natural resources, and in the increase of the means of education, and intellectual and moral improvement. He has watched with the utmost interest and anxiety, the progress of the internal improvements of the State, as well those which are the fruits of private enterprise, as those which have been undertaken and carried on at the charge of the State. Nearly all these works, the product of enlightened foresight and public spirit, have shared a common fate, in disappointing the expectations of a profitable income to the proprietors, while, at the same time, benefits of another description, of the utmost importance to the public, have resulted from them, fully equal to the most sanguine anticipations of their projectors. The canals and railroads of the State, both public and private, have accomplished every object which

could be reasonably desired from them, in furnishing the means of easy and rapid personal communication—in rendering the transportation of merchandize, and of the produce of the country, cheap and expeditious, thereby increasing the profits of industry and enhancing the value of property.

The failure of these works to afford an adequate remuneration to their respective proprietors, for the capital invested in the construction, or to pay the interest on the debts which were contracted in the prosecution of them, is a serious misfortune to the State. It is a misfortune, however, which has befallen them in common with a large portion of the works of internal improvements in every part of the country. These disappointments have caused great embarrassment, and where works were undertaken on private risk, have involved in ruin many persons of large property, and of enlightened public spirit. Yet in nearly every part of the country, the works which have been the fruit of this unprofitable expenditure, have contributed greatly to the public prosperity, and added much to the wealth and welfare of the community. The internal improvements of this State in particular, including those constructed at private as well as at public expense, have entirely changed the condition of the State, from what it would have been, had they never been undertaken. What would now be the state of the trade of Philadelphia—what the business of Pittsburgh—what the condition of the agriculture of the whole interior of the State, and what the value of the rich coal and iron mines, if the canals and railroads had never existed? Where would have been the bond of union between the eastern and western parts of the State? What would have been the means of communication from the capital to the East or to the West, to the North or to the South? It is easy to perceive how low would have been the value of property in Pennsylvania, at the present time, compared with its actual value, and how greatly inferior the amount and the profits of business transacted. What, it may also be asked, would be the effect on the business and the prospects of the State, upon the completion of the internal improvements of other States on the North, extending from the lakes to the Hudson river, and on the South from Chesapeake Bay to the Ohio, if the Pennsylvania improvements were obliterated from the map of the State? And how would the people of Pennsylvania countervail the disadvantages arising from the unfavorable direction of her water-courses, and sustain a competition in opposition to the internal improvements of neighboring States, but by the construction of works of great cost of her own? The people of the State were long ago

convinced that the advantages of their position were not to be preserved and fully realized, without an effort to keep pace with the improvements of the adjoining States.

This review is sufficient to show, that although the investment of an immense sum of money by the State and the people of Pennsylvania, in their works of internal improvement, as a mere pecuniary investment, adapted to produce a direct income, has disappointed the expectations of almost the whole public, the great and leading object of these improvements—the advancement of the public prosperity—the increase of the profits of industry, and of the wealth of the people of the State—has been accomplished in a very high degree; and these benefits are likely to go on steadily increasing for an indefinite period of time.

When, therefore, we look at the vast capital which has been invested in these works by the State, and compare with it the inconsiderable amount of direct income derived from them, we are not to regard this capital as thrown away, or as lost to the people of the State. They are incidentally every day reaping a benefit from it, in the promotion of their personal convenience, in the increased income of their farms, in the enhanced profits of their industry, and in the increased wealth, enterprise, and prosperity of the whole State. Every individual who has occasion to travel from Harrisburg or Columbia to Philadelphia, if but once in a year, and every farmer who sends the produce of a few acres only to market, over the public improvements, derives from these works a personal benefit, in the saving of time, labor, and expense, more than equivalent to the amount of his tax, on any moderate estate.

When, therefore, we are called on to pay the interest of the debt, which is the price of these improvements, there are the strongest reasons why we should do it without hesitation or repugnance: 1st. because it is a debt of the strictest obligation, binding on every citizen of the State under a clear and explicit contract, the terms of which were fully understood by the people when the debt was contracted, and deemed highly advantageous to the State; and 2d, because, notwithstanding the disappointment alluded to, the people of the State are, at the present time, deriving a benefit from the expenditure, far more than equivalent to the whole debt. These positions are so clear, that there is no one who dares avow a disposition to evade the payment of the debt. No one even openly proposes a postponement of it. Yet it is not to be concealed, that the public mind is not impressed with that confidence in a satisfactory provision for the payment at the

present session, which is sufficient to relieve them from painful apprehensions. Hence the apology for addressing these remarks to the members of the Legislature, on whom rests, for the present moment, the whole power of the people of the State, over this great question—on whom rests the whole responsibility, and by whose decision every citizen will be irrevocably bound.

The obligation of the people to meet this debt, and the motives of duty and interest which render it imperative, are so universally acknowledged that it would be superfluous to dwell upon them. The intention of meeting the obligation is explicitly avowed by the people on all suitable occasions. It has been repeatedly declared by the Governor, by the Treasurer of the State, and by the Legislature, in the resolutions which have been passed authorizing the issue of certificates for the payment of interest in default of the necessary funds for the payment in money, and these declarations have been neither contradicted nor disavowed by any portion of the people. It has been lately declared in the preamble of a resolution which has been twice passed by the present House of Representatives, on full consideration, by large majorities, "*that it is the firm determination of the present Legislature to make ample provision for the payment of the interest on the public debt!*" There can therefore be no doubt of the purity of purpose of the Legislature, under the fullest sense of obligation, and a full conviction of the wishes of their constituents, to accomplish this object, before they separate and return to their homes. Still there are certain considerations in favor of the adoption of those measures *at the present time rather than at any future period*, which may not have been distinctly presented to the public mind, and to the attention of the Legislature. To these considerations a moment's attention is invited.

1st. The present is obviously the moment at which the necessary provision for meeting the obligations of the State is imperiously demanded, *because the excuses which have hitherto been relied on for the neglect and postponement of this duty, are obviously at an end*. It can no longer be pretended, that the deficiency and disorder of the currency, the scarcity of money, or the stagnation of business, afford any apology for a longer postponement of the commencement of payment by the people of the State, on the supposition that they intend ever to pay the debt. The failure of payment hitherto, in the judgment not only of our own citizens, but in that of people of other States, disposed to take a charitable and considerate view of the embarrassing circum-

stances in which we have been placed, has not been regarded as a voluntary dereliction of duty, or as affording proof of a disposition to shrink from the performance of our engagements. This conviction has been our only consolation under the mortifications of past delinquency. But where shall we look for that extent of charity which can cover the omission to provide for the performance of this duty for another year? And who that has been accustomed to rely, in vindication of the honor of the State hitherto, on the plea of inability to make provision for payment under the embarrassments that existed, will not be shocked, to have that plea taken from him, by a further postponement of such provision, after the inability has ceased?

2d. *The difficulty of accomplishing the object will become more formidable, the longer the duty is postponed.* Every year's omission to levy an adequate tax, of course increases the amount of tax which becomes necessary. It is in this way that about a sixth part of the present burden has been accumulated. It is not merely the original debt which we have to pay, but the burden is increased by the neglect of the people, for the last six or eight years, to meet the charges of each successive year. It is time that an end should be made of this continued accumulation, and that future legislatures should no longer be able to plead the neglect of their predecessors, in justification of a like neglect in future.

3d. *The State is suffering, in the prostration of its credit, to an amount far greater than the sacrifice that is required of its citizens, for affording the means of restoring it.* The difference between meeting the task at once by an immediate effort, and that of performing it at a future day, is not only that it becomes more arduous by every month's delay, but that we sacrifice in the meantime the benefit which is to result from its accomplishment. To be able to appreciate the just weight of this motive for prompt action, it is necessary to comprehend what the State is now suffering from the entire prostration of its pecuniary credit, and the loss of character and confidence which every one perceives and acknowledges to be the consequence of its imbecility, or its apprehended unwillingness to meet its engagements. The continuance of this defalcation, after the necessity for it is believed to have ceased, will be a stain on the reputation of the State, which will be felt like a wound, by every enlightened citizen who is sensitive to his own honor. Under this view of the question, the idea of a postponement of the duty of redemption to another year, cannot be tolerated for

a moment. It might bring with it consequences more disastrous than have been heretofore imagined. Men of nice sensibility will perhaps withdraw themselves and their property from the State. Their example, and the evidences of their distrust, will produce a depression in the value of fixed property. Who can say that confidence abroad may not be withdrawn from the mercantile honor of the citizens of a State, where political honor and public faith are so inadequately supported at home? And how can it be expected that confidence will be reposed abroad, in the efficacy of the laws to enforce an honest performance of private contracts, in a State where the explicit engagements of the people, in their aggregate capacity, are habitually and permanently disregarded? Even mutual confidence at home may be impaired, when it is found that there is not enough of vigor and independence, in the execution of the public will, for the accomplishment of so permanent an object, as that of performing acknowledged contracts, which bind alike every citizen of the State.

There may perhaps be those who doubt the expediency of imposing, at once so large a tax, as will be required to meet the whole annual expenditure, including the current interest on the debt. This doubt must arise from the apprehension that the tax may be too heavy to be borne by the people, without embarrassment or complaint. It is true that the rate of the necessary tax will be higher than has been common in the State, or in other States, since the period when the more expensive burdens of government were devolved on the National Treasury. But this is because the sphere of duties assumed by most of the State governments has been greatly contracted, and expensive public works have been rarely undertaken by them. Works of internal improvement, in most of the States, are left to be prosecuted by private enterprise, or, what is a more frequent alternative, the people are left to bear the burden, of being destitute of such improvements. There is probably no civilized government, with the exception of those of the States of the Union, where the taxes paid by the people are not much heavier, besides being accompanied with far inferior opportunities for acquiring and preserving property, than those of this State. In the principal cities of the Union, the rate of taxation for municipal purposes, is two or three fold higher than that now proposed for defraying all our expenses, both of the government and of the public debt. The rate of taxation for county purposes, in many of the counties of the State, it is believed, has sometimes been nearly, if not quite equal to that of the proposed State tax. Most of the

counties will be hereafter much relieved from these burdensome taxes, the objects requiring heavy expenditures being for the most part attained. The direct tax now in force in the State of Maryland, is $2\frac{1}{2}$ mills on each dollar of the valuation of real and personal property, and there is besides a variety of indirect taxes. In Ohio, the direct tax is five mills on each dollar of the valuation. The annual tax paid by the inhabitants of the city of New York is equal to the whole of that which is required from the people of this State, and the rate of taxation on the valuation of property is threefold that which is proposed in the tax now before the Legislature. These facts are alluded to, not for the purpose of representing the tax, required to be imposed upon the inhabitants of Pennsylvania, as a trivial one, but to show that it is not unprecedented in other communities, in some of which the benefits which are concomitants of the tax, are less direct and palpable than they are here. A most conclusive argument, that the tax cannot be called burdensome, when the objects of it are taken into consideration, is that the value of property in the State, subject as it is to this degree of taxation, is greater than it would have been without the public works, and without a public debt, even free from taxation. On this point there can hardly be a difference of opinion. Let it be considered that the produce of the farms, of the mines, the commerce, the manufactures, and of every branch of industry and income in the State, is estimated to amount to \$200,000,000 of dollars per annum. Let it be also considered how much of this produce and income and industry derives a portion of its value, if not its very existence, from these works. Then let it be recollected that the proposed tax, heavy as it is, amounts to but one per cent. on this annual produce and income. Upon this computation it may be safely inferred, that the value of property and of net income is increased, far beyond the amount of tax, and consequently that the property, accompanied with the debt, which produced the public works, is improved in value, although subject to the tax.

If these facts are true, who is there that will grudge the payment of the tax, which is but the price of these improvements? It is no sufficient ground of complaint, that people of other States, who enjoy none of the advantages secured at such cost, pay no such tax. Nor should we shrink from the burden, because we have heretofore flattered ourselves, that we might enjoy the benefits of internal improvements, without paying the price of them. The little kingdom of Belgium has established, at the national expense, a system of railroads, which is the pride of the people, and the praise of all Europe.

It will cost, when completed, 150,000,000 of francs, and nearly that amount has been expended upon it already. The funds for the construction of the works are obtained upon loans on the credit of the public faith, at five per cent. while the works, hitherto, have produced a net income of less than half that rate, on the cost of the finished part of the works. Yet such are the obvious effects of this system of works, traversing the kingdom from one extremity to the other, and uniting the capital with the frontier of the neighbouring countries in several important points, on the industry and wealth of the people, that it is regarded as one of the most successful examples of enlightened policy, in a government employing its resources for the welfare of its subjects, which has been exhibited in modern times. It is indeed hoped by the government of Belgium, that the works will ultimately produce a larger income than at present, in proportion to the amount expended. In the mean time, the difference between the amount of interest, and that of net income, occasions a heavy charge on the treasury, which is necessarily met by taxation. Yet no one regards the increased tax as a burden upon the people, or on the industry of the country, but as one of the necessary incidents of a system of policy which is admitted to have made a great addition to the national resources of that industrious people.

The State of Pennsylvania has, doubtless, in some particulars, fallen short of the wisdom of the government of Belgium, in carrying on its system of public works. Yet in proportion to the extent of the works, and the obstacles to be overcome, the improvements of Pennsylvania have been accomplished at less expense than those of Belgium. But most unfortunately, or unwisely, the State has undertaken a larger system of works than she has been able to complete, and some of them are works which could have given no sufficient promise of adequate remuneration, had they been completed. Even this is not the worst fault that the state has committed. But it is not necessary to dwell upon past faults. It is only proper to refer to them, for the purpose of accounting for the disproportionate amount of income, compared with expenditure—less even than on the works of the kingdom of Belgium. The State, besides wasting a vast sum on unfinished works, has committed the great error, of not providing a sufficient revenue, from year to year, to meet the current interest, as well as the current expenses of the government. By this neglect, not only has the credit of the State been prostrated, and all the attendant evils of such an event been suffered, but

six millions of dollars have been added to the permanent debt.

The State has also been unfortunate in not having discovered and employed some man of commanding genius, of practical talents and energy, and of unsuspected honesty, in whom an unreserved confidence might be reposed, to take the general superintendence and effective control of the public works, from the inception of its system to its entire completion. He should have presided with his intelligence, and his skill derived from experience, and with his disinterestedness and firmness, in advising and adopting every decision for determining the direction and extent of the works—their form and character, and the modes of carrying them on. The whole work should have been carried on under his personal supervision, and every important contract should have had his sanction, as a security against jobbing and favoritism. The pledge of his own honor and reputation would have been a sufficient guarantee for the fidelity of such a man. He might have divided the responsibility with commissioners appointed from time to time, who, however, ought to have been denied the power, to turn out faithful and skilful agents and officers, for the purpose of supplying their places with political partizans. It is not difficult to imagine that by the aid of the services of such a man, of commanding talents and character, the experiment of the public works of the State might have produced a very different result, from that which their actual history has exhibited. But this history is not alluded to for the purpose of complaint. We may be thankful that the result is no worse.

Some instruction, however, may be derived from a mere cursory review of the past. Is it not in the power of the Canal Commissioners, now that they are chosen by the people, and for the period of three years, to abolish the practice of making appointments to offices, and agencies, in the management of the works, as a reward for political fidelity, rather than for the qualifications of the candidates for discharging the duties to which they are appointed? Can they not, by the manner of making the contracts, and the promptness and success with which they may ensure their execution, satisfy the public, that they are beyond the influence of personal or party favoritism, in the discharge of all their public duties? Can they not introduce a system of keeping, and exhibiting to the public, all the accounts of disbursements, by which every intelligent citizen may be enabled to understand the object of every expenditure, and to judge whether it has been made

with due economy. Can they not satisfy the public that the works are managed with the same fidelity, the same energy, and the same regard for economy, as they could be if the property of a private corporation? The accounts should be kept and published in a form which will admit of their being compared, by persons conversant with such transactions, with the expenditures of similar works in other States. The Canal Commissioners should feel that to command the public confidence, it is incumbent on them to lay before the public such an exhibition of their proceedings, and particularly of their pecuniary transactions, as may be examined and understood, not by the public officers only, but by every man of business. It is perhaps incumbent on the Legislature to direct a more satisfactory form of keeping and publishing the accounts of disbursements on these works. It is not to be disguised that there prevails in the minds of large numbers of the community, a feeling of great distrust of the fairness with which many of the pecuniary transactions connected with the public works, have been hitherto at some periods conducted. It is far from the intention of the writer of these remarks, to give any confirmation or countenance to these suspicions. His object is to suggest the mode in which such impressions may be guarded against in future. It will, in his opinion, be most effectually done by adopting a thorough system of accountability in the mode of keeping accounts and making payments, and full publicity, in a clear and intelligible form, of all pecuniary transactions. The Commissioners should also satisfy themselves of the efficacy and fidelity of all the officers and subordinate agents employed on the works, and ascertain whether they discharge their respective duties with all the precision and promptness which is attainable, and when they shall satisfy themselves on full inquiry, they will doubtless be able to satisfy the public.

Under the improvement of which the management of the public works seem to be susceptible, and with the increase of business which there is reason to anticipate, the public need not despair of an essentially increased income from this source, in aid of the public revenue. It is very certain that works of a similar kind, in other parts of the country, transacting a smaller amount of business, have produced an income much more than sufficient to cover the cost of repairs and management; and it is difficult to imagine a reason why a similar result should not be obtained from a judicious and economical management of these works.

Should the Legislature deem it hopeless to obtain such a result, so long as the works remain under the management of

State officers, they can hardly hesitate to adopt the alternative which is urged upon them by a great number of memorialists from every part of the State, of selling the works to incorporated private companies. Admitting even that a great improvement in the management of the works is practicable, and that they may be made to produce an increased income, it seems to be still deserving of inquiry whether the interests of the State may not be best promoted by a sale. The proper decision of this question must depend chiefly upon the amount which can be obtained from the sale. Can they be made more effective in relieving the State from the charge of the debt, by a sale, than by the income which they can be made to produce, is the question to be decided. This perhaps cannot be determined, until it is ascertained by an actual effort to make the sale, what price can be obtained. Where can be the harm of making the trial under proper precautions against a heavy sacrifice? It may be that an immediate offer of their worth may not be obtained. This should be no reason for declining to offer them, at such price as it would be advantageous to accept, nor, on the other hand, for precipitating a sale, and sacrificing them at a mean price. A proposal for the sale, like that of all voluntary sales, should be conditional, upon obtaining the price deemed equivalent. Should the proposal not lead to an immediate result, the delay may be beneficial, in affording an opportunity, in the mean time, for a more satisfactory development of the productiveness of the works; but if the sale should take place at the price offered, the State would reap the benefit of the immediate extinguishment of that amount of the debt. The subject of a sale, therefore, although it may ultimately involve the serious and difficult question of determining the minimum amount which it would be for the interest of the State to accept, rather than permanently to retain the works, presents at this time only the question, what is a just and reasonable asking price, moderate enough to justify the expectation of finding a purchaser, and yet high enough to secure a fair equivalent for the relinquishment of all future income from that source. In regard to the price thus to be named, there will doubtless be differences of opinion, but those who are most urgent for the sale, will of course be on their guard against a ruinous sacrifice at the first offer, and will readily concur for the present in the judgment of those who are less anxious to effect a sale.

However desirable, therefore, it may be thought to effect a sale, it would be the worst of policy to attempt to precipitate it. Time must be taken to test the disposition of purchasers, and to secure a fair equivalent for so large and valuable a

property. It follows as a necessary consequence of the uncertainty which must attend any reasonable proposal of sale, that any sure and effective measures for the restoration of the State credit, and for preventing the increase of the debt, must be entirely independent in their operation of any proposal for the sale. There can be no objection, however, to the two proposals going on step by step together, in the manner which has been proposed in the bill before the House of Representatives, for the sale of the works and for a State tax. Yet it is difficult to imagine that any member should be inclined to make his vote upon one of these measures contingent upon the passing of the other. Every member who acknowledges the obligation of the State to make immediate provision for fulfilling its engagements, will vote for such measures, adapted to that object, as are likely to obtain the concurrence of the Legislature, without any stipulation for the accomplishment of another object, to which a majority of the Legislature may be opposed. An obligation resting upon the sanction of the public faith cannot be satisfied by a mere show of performance depending upon contingencies, which make no part of the condition of the obligation.

If the views which have here been presented are correct, if it be true that the reasons heretofore relied on in excuse for the non-performance of the engagements of the State, are at an end—that the public improvements, although they have disappointed the expectations, once entertained, of a large direct income, have yet fully secured the more important purpose for which they were projected, in increasing the wealth and promoting the welfare of the State—that the benefit now resulting from these improvements is more than equivalent to the taxation required for payment of the interest of the debt—and that the people are not only abundantly *able*, but according to their own declarations *willing*, and according to the declaration of the House of Representatives *determined* to pay the debt:—if it be true, as has been urged in the foregoing pages, that the present time is not merely that in which provision can be most easily *made* for paying the debt, and restoring the public credit, but the *only time* when this can be done, to the effectual preservation of the honor of the State; if it be true that the rates of taxation demanded for securing these great objects, large as it is in comparison with that which is imposed upon the citizens of other States, is not more than proportioned to the benefits purchased by the public debt, and is in fact small compared with the vast resources of the State—amounting to but three-tenths of one per cent. on the assessed value of property, and one per cent. on the estimated value

of annual produce and income;—if it be true that the public improvements, besides affording to the people of the State the benefits above alluded to, are still, in spite of the unfortunate contingencies to which they have been subjected, capable of producing a large and increasing income, and may doubtless be rendered more productive hereafter, unless the Legislature should deem it more expedient to accomplish a great reduction of the State debt, by means of a sale of these works; if all these facts are truly in accordance with the above statement, which is believed to be strictly correct, what are the inferences to be drawn from them? Are they not clearly as follow?

1st. That the present Legislature is urgently called upon *to establish the necessary revenue at the present session*, for accomplishing the objects desired.

2d. That the burden of taxation which will be thus imposed upon the people, will be far less sensibly felt than has been apprehended, *because it will be accompanied with benefits*, in its general effect on the prosperity of the State, and in various incidental advantages, *which will alleviate the burden*, and in many cases countervail it altogether.

There may be those who would recommend the adoption of a different course from that proposed. They would perhaps unite in giving the most positive assurances, that the debt will be paid ultimately, while they would neglect to provide either the means of meeting the annual charge of it, or of making even a commencement of payment. They would perhaps recommend some moderate increase of taxes, and if it should be found necessary to make a further increase hereafter, they would give the people the benefit of a postponement of the evil day, as long as possible, and of becoming accustomed to high taxes by degrees. This would be precisely the way most effectually to increase the burdens of taxation, without securing any of the benefits resulting from the performance of the discharge of so imperative a duty, in its incidental effects on the various interests of the community.

To secure the objects above stated, of alleviating the weight of the necessary taxation, by giving full effect to the benefit to be obtained from the faithful discharge of the public engagements, a very simple principle must be adopted. That principle is to provide by a single act of legislation for the discharge of every debt of the State, and to make that provision in such a manner as to convince the whole public, creditors as well as tax-payers, foreigners as well as citizens, that the provision is ample, as well as permanent. In other words, it must be such a provision as will, from the moment

it is understood, re-establish the public faith, by being manifestly sufficient to cover the annual charge of every description of debt, together with the other expenses of government. For its permanency, it must rely upon the permanent character of the act by which the provision is made, and upon the benefits which experience will demonstrate to be the result of a firm and established credit.

The certainty of such a provision will derive additional assurance from the popular impression that it is sufficient to accomplish its object. The people of the State will submit to the payment of taxes with greater readiness; fewer efforts at delay or evasion will be made, and collections will be more effectually enforced, from the moment it shall be known that the purposes for which the tax is levied, in which every citizen is alike interested, are to be fully attained. That the public may reap, as fully as possible, the benefit of this general conviction, of a common interest in the efficacy of the tax, and that at the same time strict justice may be done in the distribution of the public burdens, it is of the utmost importance that every individual, as well as every class of citizens, and every section of the State, should be faithfully and honestly dealt by, in the application of a just and uniform principle of valuation throughout the State. For the attainment of this object, some important provisions have been introduced into the bill reported by the Committee of Ways and Means, and which has passed the ordeal of examination by a committee of the whole House. The necessity of some provision of this sort, for producing a conviction of the equality and fairness of the tax, is so manifest, that this must be regarded as a very important feature of the bill so reported.

Having thus stated briefly the principal motives which must urge upon the Legislature a thorough reform in the finances of the Commonwealth at the present time, so as to restore to it the true character of an independent State, capable of executing its own purposes, and performing its own promises, it may be useful to inquire what is the actual extent of the public wants, including a full provision for all the ordinary and necessary expenditures of the State government, together with the whole annual charge of the State debt. We say the *annual charge* of the debt, for it cannot be expected, nor is it necessary, to meet at once any portion of the principal of the debt. The first and most difficult step is to restore the public credit, and this will be effectually accomplished by meeting firmly and promptly the annual charge. The next step, of meeting, by degrees, the principal of the debt, will become easy hereafter, when the State credit shall be restored,

and when, along with it, we shall realize a great increase of resources.

The average amount of expenditures of the government of the State for the last five years, exclusive of expenditures for internal improvement and for account of the public debt, and including the charges of the militia, of the penitentiary, pensions and gratuities, premiums, the expenses of the Convention for amending the State Constitution, and of the geological survey, has been equal to \$516,808. If we deduct the amount of the two last items, which are temporary in their character, the average is reduced to \$495,188.

The average expenditure in the same period from the State treasury for public education, including grants for the support of common schools, to colleges, academies, and female seminaries, and to the asylum for the blind, and for the deaf and dumb, was \$368,884.

The expenditures embraced in the first of the foregoing classes have been reduced, from year to year, during the whole period from 1839 to 1843, and the amount expended under this head, according to the treasurer's report of last year, was but \$435,331. These items are still further reduced, by the appropriation bill introduced into the House of Representatives for the present year. The expenditures for education, which had increased in 1843 to \$408,694, have been reduced by the appropriation made by the Legislature of last year, which extends to June of the present year, and by the bill above referred to. The sum proposed to be appropriated at the present session for common schools, is \$200,000, to which is to be added a remnant of past appropriations, not drawn from the treasury, by non-accepting school districts, a part of which it is proposed shall still remain in force. The appropriation for the ensuing year not having been yet passed, the exact amount cannot at present be determined. But as a part of the expenditure depends on the appropriations of last year, which are at higher rates than those of the present year, the whole amount of the ordinary expenditure for the current year, exclusive of the charges of the public works and of the public debt, is likely to be about \$600,000.

The Legislature has applied itself with earnestness to the duty of retrenching unnecessary expenditures, and the result is exhibited in the reduced amount of the proposed appropriation above referred to. There are perhaps a few remaining items in which a further improvement might be made. The amount paid for pensions and gratuities, chiefly to revolutionary pensioners, is large compared with similar payments in other States. When it is considered how liberal has been

the provision made from the national treasury for officers and soldiers of the revolution, it would hardly be expected that so large a charge for a similar object would devolve upon the State, after so long a lapse of time, from the termination of the period when the services rewarded were rendered. It may be presumed that some reduction will be made in this branch of expenditure hereafter.

The question of suspending the appropriation for common schools has been debated in both branches of the Legislature, and the proposal of suspension rejected. There are many among the most intelligent and observing men in the State, as well as men most ready to give all necessary support to measures of public utility, who are strongly in favor of discontinuing this appropriation—at least for the present. There is no other State in the Union, which appropriates money from the State treasury, raised by taxation, for the support of schools. There are, however, States which have large school funds, derived from incidental sources of revenue, the income of which is applied to the support of schools, in aid of funds raised by taxation in the towns and local districts, and there are other States in which towns or districts are required by law to raise money by taxation upon their respective inhabitants for the support of schools. The opinion strongly prevails in some of these States, that schools supported by taxes levied for the express purpose on the inhabitants of towns and districts, are productive of more beneficial results from the greater interest which in such cases is felt in them, than when they are supported from the proceeds of permanent funds.

The question of the school appropriation is perhaps settled, for the present, by the decision of the two Houses of the Legislature, but it may be deserving the consideration of the public, and of a future Legislature, whether the purposes of education cannot be more effectually promoted, by the patronage and support of the local communities, than by appropriations from the State treasury. It also admits of serious question whether it is just or reasonable, at a time when so great an effort is necessary to meet the just obligations of the State—in which the whole State is interested, and for which the whole is bound—that certain counties should draw from the State treasury more money for the education of their children, than all they pay into it, for all purposes united. At any rate, it is both practising and teaching to our children, a questionable morality, to draw from the public treasury for the support of schools, the very produce of a tax which was levied for the payment of the interest of the public debt, and to leave that interest unpaid, for want of funds, for years in

succession. This objection may be obviated by a provision, that no appropriation for schools shall be paid from the treasury, until a sufficient amount of revenue is received and set apart to meet the obligations of the State for the current year.

Taking the expenditures for the ensuing year, as above stated, and supposing the expenses of management and repairs of the public works to be paid out of the income accruing from them, the charges on the treasury, for which it will be necessary to provide an equivalent revenue, will be as follow :

Expenses of government and of education,	600,000
Interest on the present funded debt, - -	1,916,250
Interest on February dividend not yet issued,	58,250
do. on May issues, - - - -	24,000
do. on dues to domestic creditors, -	13,000
do. on guarantee of company stocks, -	32,500

\$2,644,000

Of this amount something over \$1,000,000 will not be payable until Feb. 1, 1845. The estimate is made for the present year, but if payment be now commenced, the annual charge will not vary materially in succeeding years.

The income for the ordinary taxes, for the two last years, can hardly be considered as an index of what they may be expected to produce the present year. It may be regarded a moderate estimate, to suppose their produce will be equal to \$400,000. It is more likely to exceed, than to fall short of this amount. The net income of the public works is estimated in the Treasurer's Annual Report at \$553,000. The present promise of income on the canals and railroads, leaves little room to doubt, that the produce will exceed that of last year, by a large amount: and unless the repairs considerably exceed those of last year, the net income will be greater than the above estimate. Should the bill pass as reported, imposing a direct tax of three mills to a dollar of the valuation, and providing also for the rectification of the valuation, and for a more efficient collection, it has been computed that the aggregate of the valuation will be equal to \$600,000,000. This at three mills per dollar would give an income of \$1,800,000; but deducting from this amount, notwithstanding the effective mode of collection proposed, for deficiencies and arrearages, in addition to the arrears of the present direct tax, \$150,000, it will leave \$1,650,000 for the receipts of the year from this source. The period at which this amount can be realized must depend, in a great measure, upon the date at which the new law shall begin to be enforced. The inheritance tax of one per cent, on the estates of all persons dying within the

year, if we deduct one sixth for the value of estates not embraced in the tax, will leave \$500,000,000 ; and supposing the proportion of deaths of persons leaving property, to be one in forty, the produce, at one per cent, will be equal to \$125,000.

The estimate of revenue therefore, from the sources supposed, on the principles of computation here explained, will give the following result :

Produce of ordinary taxes,	-	-	-	400,000
Net income of railroads and canals,	-			553,000
Produce of direct tax,	-	-	-	1,650,000
Inheritance tax,	-	-	-	125,000
				<hr/>
				\$2,728,000
				<hr/>

Leaving a surplus of revenue of	\$84,000
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This surplus in the estimate, although such as to afford a strong presumption against a failure of the necessary means to meet all demands with punctuality, is not sufficient, without some further reserve, to afford the positive guarantee which is desirable, against a deficit. To afford a further assurance of the punctual discharge of all payments to which the faith of the State is pledged, it will be only necessary to make the further provision alluded to above, of making the large appropriation for schools, contingent upon the actual receipt of sufficient means, beyond those necessary for the unconditional appropriations.

A question arises of much importance, When can this re-organized system of finance, should it be adopted, commence ? It is much to be desired, if it be practicable, that it should go into effect immediately, and embrace the August dividends of interest on the public debt. There are so strong and obvious reasons in favor of so early a resumption of payment, that it would be quite superfluous to state them here. But the question of its practicability is one which must depend upon details, requiring a minute investigation, which it would be inconvenient and unprofitable to discuss in these pages. Although a postponement of the commencement of payment for a period of six months, is a matter of very different, and far less serious import, than that of the postponement of an adequate provision for payment, commencing at a period which shall be determined, there are yet urgent reasons why the payment should commence with the August interest if it be possible. If this be impracticable, it will only remain to ensure the commencement, and regular continuance of prompt payment in money, of all claims upon the treasury of the State for interest, or for the discharge of any other debt, from and after the 1st day of February next. It will also be un-

doubtedly practicable to pay the dividends of small amounts, and all dividends on the certificates issued for interest, in money, from the 1st of August next.

These remarks are submitted to the members of the Legislature, with the utmost deference. They may perhaps justly deem it superfluous, that such considerations should be addressed to them. Every member is doubtless well enough informed of his own duties, and of the interests of his constituents, to be able to act on such a question, however important it may be, from the dictates of his own judgment, without promptings or advice from any one. Yet no intelligent man can feel so confident in the correctness of his own opinions, or on the completeness of his information, on a subject which requires to be viewed in a great variety of lights, as not to be gratified with the opportunity of comparing them with the views of any unprejudiced person, who has examined the same subject with deliberation. Still more will one required to act, not only for himself, but for the whole community, be disposed to receive well-intended suggestions in regard to his most important duties, from any disinterested source. The only claim to candid attention which the author of these remarks can present, is that of having examined the questions here discussed with the most patient attention, with a single view of ascertaining the interests of the State, and the interest and duty of every citizen, in this trying and difficult crisis. This examination has brought him to the conviction, that every citizen must, on a dispassionate investigation, come to the same conclusion, if he has not done so already; and more especially, that every member of the Legislature, compelled as he is to act under the deep responsibility of deciding not only for himself, but for his constituents, will also come to the same results. Every member who may adopt this conclusion, and who shall act under such a conviction, will feel that in so doing he has discharged at least one duty, and that an important one. Should he be hereafter reproached for the act, he may feel a proud consciousness that if even in so doing he has committed an error of judgment, he has erred in an attempt to maintain the honor of Pennsylvania, and to discharge a conscientious duty as a citizen and as a public man.

Should there, however, as is possible, be members whose judgment may lead them to adopt a different course, the writer of this will not pretend to say that such a conclusion may not be adopted under an honest sense of duty, and a conviction that the interests of their constituents will be best promoted by another course. To such a member it must be a matter of deep regret, that he should be placed under the necessity of acting under so disagreeable a responsibility,

which may subject him hereafter, if not at the present time, to the censure of having impaired the reputation of the State, by the effort which he may make to shield his constituents from the performance of a reluctant duty. It is unquestionably the duty of an honest representative to protect his constituents from every unnecessary tax, as well as from all other unnecessary burdens. But the question now is, whether the tax proposed can be considered *unnecessary*, and on that point the decision must turn. Before it can be pronounced unnecessary, it must be inquired what are the objects of it, and what will be the consequences of rejecting it. It may be truly said that the representative, in meeting such a question, is in a disagreeable dilemma—that in either alternative, unpleasant consequences will ensue. It is very true, that if he impose a heavy tax, sufficient for discharging the interest of the debt of the State, his constituents will be compelled to pay their share of it. This, it cannot be denied, is in itself a disagreeable thing, but it may not be, by any means, the worst alternative. It is, at the worst, an evil which has its bounds. It is, after all, but the payment of a sum of money, and there the mischief ends. But if, on the other hand, by means of his vote, he reject the tax, the public creditor, holding the promise of the State, and the promise of his constituents, must go another year unpaid. Is there no evil in this? And will this postponement benefit his constituents? Then the amount saved by the rejection of the tax, must be added to the debt. Will his constituents be benefitted, by thus adding the interest to the principal? And what must be the final result of such a course? The answer is clear—the credit of the State must be redeemed, in the end, by some bolder hand, and by a still heavier tax. At some future day the debt must be paid, for in no other way can the obligation which binds every individual, so long as he remains an inhabitant of the State, be obliterated. It can be done only by actual payment of the debt, with the yearly accruing interest. It is a debt which is too large to be forgotten, and too well authenticated to be outlawed by the lapse of time. It cannot be cancelled by a decree of forfeiture, nor by an act of bankruptcy. Being a debt of honor, it survives even the obligations of law; and the State cannot become poor and insignificant enough to shelter itself under the immunities of insolvency. Nor can there be those who are poor enough to desire it.

It is understood that about a quarter part of this debt is due from the State to its own citizens, and the money, as soon as paid, will pass into the active resources and business of the State. Where an acknowledged debt is due from one

citizen to another, the State provides the means by which payment may be enforced. Must it be the misfortune of the creditor in the present case that his demand is *only a debt of honor*, and therefore cannot be enforced? The residue of the debt is due to citizens of other States, and to persons in foreign countries, for the reason that they were willing to loan their money at lower rates of interest than it could be obtained for in this State. Were the debt thus due to persons abroad, a debt of individual citizens, instead of one resting upon the promise of all the citizens of the State, the claimants would have a remedy in our courts of law, and if the debt were not paid, property might be taken for it. Such are the laws of all the States, and such is the idea of a debt in every part of this country, that the property of the debtor, whoever he may be, is bound for it. Surely, the State, which in common with all civilized countries, prescribes a rule to its citizens, will not violate that rule in its own favor, by making an exception, in a case, which of all others should be the most sacred, by neglecting to provide the means of payment, because the creditor has no means of enforcing it.

The writer of these remarks is compelled to avow, in conclusion, that he has not taken the liberty of addressing them, to the members of the Legislature, from any distrust of the disposition of any one of their number to sustain the honor of the State, and to fulfil the obligations of its citizens. He will frankly confess that he believes these arguments and admonitions as addressed to them, entirely unnecessary for the purpose of producing conviction on their own minds; yet he cannot believe that they will be entirely superfluous, as they may serve to add confidence to the convictions already entertained by them. But they may answer a further, and perhaps a still more useful purpose. They may present to members in a compact form some of the reasons which may have led them to adopt the conclusions, to which it is believed with confidence their own reflections will have led them, and which they may submit to their constituents. They may serve to inform members of the community, who have had less opportunity for examination and reflection than has been presented to members of the Legislature, and may aid in securing efficient probation and support to the system of self-government which the Legislature may adopt. In the humble opinion of the writer, both these modes may not be without their use in aid of a most sacred cause—the preservation of the honor of the State—they are respectfully submitted to the candid consideration of the members of the Legislature, and of the public.



